

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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| In the Matter of |) | |
| |) | |
| Implementation of Further Streamlining |) | CC Docket No. 01-150 |
| Measures for Domestic Section 214 |) | |
| Authorizations |) | |

REPLY COMMENTS OF VERIZON¹

The commenters such as ASCENT and AT&T who want open-ended scrutiny of section 214 applications that involve changes in corporate control filed by “dominant” carriers or incumbent local exchange carriers ignore the limited scope of Commission review of such applications. The Commission should limit its scrutiny to whether the transfer of the specific lines serves the public convenience and necessity. It should not attempt to replicate the review undertaken by other agencies, such as the Department of Justice or the Federal Trade Commission. By limiting itself to telecommunications issues under the Act, the Commission’s section 214 review can be streamlined in nearly every case.

For example, AT&T’s justification for open-ended review periods for applications involving incumbent local exchange carriers is that “‘vertical’ mergers involving incumbent

¹ The Verizon telephone companies (“Verizon”) are the local exchange carriers affiliated with Verizon Communications Inc. listed in Attachment A.

LECs also raise significant competitive issues.” AT&T at 15.² A section 214 application, however, should not be viewed as a request to review whether a corporate merger is in the public interest or whether it raises competitive concerns. To the extent parties raise issues under the antitrust laws, those issues must be addressed to the Department of Justice and the Federal Trade Commission. Unless the interstate services to the public that are provided through the lines that are the subject of the section 214 application would be adversely affected by the transfer, the application should be approved.

Likewise, Ascent’s claim that any application involving “dominant” carriers or very large “non-dominant carriers” requires close, open-ended scrutiny, should be rejected. The Commission’s function in reviewing any section 214 application, whether or not it involves transfer of corporate control, is to determine the impact of grant of the application on interstate service to the public. Just because a carrier happens to be designated as a “dominant” carrier does not mean that grant of the application requires any special scrutiny. The dominant carrier designation may be given just because the applicant is an incumbent local exchange carrier. But any “dominance” (or market power) that the carrier could arguably exercise in the local exchange may not have any effect on the *interstate* services affected by the application, as Qwest points out in its comments. *See* Qwest at 1-2. There is, therefore, no basis for adopting a blanket rule that treats a section 214 application filed by an incumbent local exchange carrier any

² AT&T, without support or specifics, also falsely accuses pre-merger Bell Atlantic and GTE with failing to disclose relevant information concerning their operations and alleges that they advanced proposals that were out of compliance with section 271. AT&T at 15. As AT&T itself admits, by the time the Commission acted on the license transfer application, there had been a “full ventilation of the issues by the Commission and the industry.” *Id.* The Commission then approved the application, finding the proposal was in compliance with all statutory requirements, including those of section 271. AT&T’s baseless allegations should be disregarded.

differently from an application by another carrier. Each application must be viewed on its own merits, based on the impact, if any, on the interstate services affected by the request.

This need to view each application on its own merits is particularly evident in the market for broadband market. A section 214 application to transfer corporate control over lines used to provide broadband services (or other advanced services) should be examined based upon the impact that the particular request has on the broadband marketplace. There, the services offered by telephone companies are a relatively small part of a highly competitive market, in which cable companies, which are largely unregulated, currently hold the lion's share. The telephone companies also face growing broadband competition from other unregulated technologies, such as satellite and fixed wireless. *See Comments of Verizon on the Third Notice of Inquiry in CC Docket No. 98-146 (filed Sept. 24, 2001).* Under no stretch of the imagination could the local telephone companies exercise market power in provision of broadband services, and any section 214 application involving transfer of corporate control over lines used for such services should be given streamlined treatment. While broadband is just a particular example, it points out why a carrier's designation as "dominant" because of its position in an intrastate market will have no effect on whether an application will affect interstate service. Therefore, when considering the extent to which a particular section 214 application needs to be scrutinized, the Commission should focus not on a carrier's designation as "dominant" or "non-dominant" but on the effect the application will have on provision of interstate services to the public.

While, as WorldCom and AT&T point out, there may be instances in which an individual application needs to be taken out of streamlining because it presents unique questions as to the impact of the proposal on interstate service, those instances should be few and far between. In those few cases, the Commission should issue a notice explaining the reason why the standard

deadline is insufficient and setting a new deadline for final action. In that way, all of the parties to the transaction – and those in the industry affected by the change in corporate control – will have some certainty as to when they will receive a final decision.

Accordingly, the Commission should adopt streamlined section 214 procedures and deadlines, as discussed in Verizon's opening comments.

Respectfully submitted,

/S/

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THE VERIZON TELEPHONE COMPANIES

The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Inc. These are:

Contel of the South, Inc. d/b/a Verizon Mid-States
GTE Midwest Incorporated d/b/a Verizon Midwest
GTE Southwest Incorporated d/b/a Verizon Southwest
The Micronesian Telecommunications Corporation
Verizon California Inc.
Verizon Delaware Inc.
Verizon Florida Inc.
Verizon Hawaii Inc.
Verizon Maryland Inc.
Verizon New England Inc.
Verizon New Jersey Inc.
Verizon New York Inc.
Verizon North Inc.
Verizon Northwest Inc.
Verizon Pennsylvania Inc.
Verizon South Inc.
Verizon Virginia Inc.
Verizon Washington, DC Inc.
Verizon West Coast Inc.
Verizon West Virginia Inc.